Rationalising the concessions for fertilizer industry

637. SHRI C. P. THIRUNAVUKKARASU: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have prepared a scheme to simplify and rationalise the procedure relating to mode of payment of concessions to the fertilizer industry after its de-control;

(b) if so, the details thereof;

(c) whether Government have undertaken any cost study of fertilizer units to work out concessions;

(d) if so, the outcome of the study;

(e) the reaction of Government thereto; and

(f) the measures suggested by Government to increase efficiency and overall performance of the units?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) and (b) Fresh guidelines laying down the revised procedure for submission of bills for payment/recoveries in respect of sales of de-controlled phosphatic & potassic fertilizers under the Concession Scheme for decontrolled fertilizers have been issued on 17.5.2001 by the Department of Fertilizers. To expedite processing of claims as also to reduce the time lag between sales and release of concession, the procedure for certification of sales has been rationalised. To achieve these objectives, submission of information relating to stocks, production/imports, despatches and closing stocks has been de-linked from filing of claim, which is to be submitted separately on quarterly basis. Further, in order to put a curb on sale of non standard SSP to farmers and need to promote use of specified grades of rock phosphate, under the new guidelines a Technical & Audit Inspection Cell (TAC) has been constituted to conduct first (1st) time as well as six-monthly inspections of SSP manufacturers for ensuring usage of specified grades of rock phosphate from sources notified by the Department of Fertilizers from time to time. Some grades of rock phosphate along with sources have since been notified by the Department of Fertilizers. The full text of the revised

guidelines is also available on Internet (http://fert.nic.in). Recently, the on account payment has also been raised from 80% to 85% and up to 90% supported by Bank Guarantee against this 5% payment in respect of indigenous manufacturers of phosphatic & potassic (P&K) fertilizers *w.e.f.* 1.4.2001.

(c) to (f) A cost price study in respect of indigenous and imported DAP and MOP was undertaken by the Tariff Commission (the erstwhile BICP) in the year 1998. Another study of units manufacturing complex grade fertilizers has also been undertaken by the Commission. The recommendations of the Tariff Commission with minor modifications have been implemented *w.e.f.* 1999-2000 for determination of concession rates of phosphatic & potassic fertilizers and the recommendations of the Commission in respect of complex fertilizers will form the basis for determination of concession rates for these fertilizers under the Concession Scheme. As the rates of concession are fixed taking into account the efficiency norms for the industry recommended by an independent professional body like tariff Commission, they encourage the industry to improve efficiency and in turn over-all performance.

Poor quality phosphatic fertilizer manufacture subsidy receivers

638. SHRI P. N. SIVA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the amount of subsidy on fertilizers paid to phosphatic fertilizer producers during the last three years;

(b) whether any complaints have been received against phosphatic fertilizer producers for the poor quality of the products and bogus claims for subsidy;

(c) if so, the details thereof and the action taken against the defaulters; and

(d) the procedure adopted to verify the claims for subsidy?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) The year-wise amount of subsidy disbursed